

ABERDEENSHIRE INTEGRATION JOINT BOARD

AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 12 SEPTEMBER, 2018

Audit Committee Members:

Mr E Sinclair (Chair), Provost W Howatson, Councillor A Allan (as substitute for Councillor D Robertson) and Ms R Little.

Apologies: Councillor D Robertson and Mr A Coldwells, Chief Officer, Aberdeenshire Health and Social Care Partnership.

Officers: Mr A Wood, Chief Finance Officer, Aberdeenshire Integration Joint Board; Mr A Sharp, NHSG Assistant Director of Finance, Ms A MacDonald, Senior Audit Manager, Audit Scotland; Ms A Wood, Partnership Manager, Aberdeenshire Health and Social Care Partnership; and Ms A McLeod, Committee Officer, Aberdeenshire Council.

1. SEDERUNT AND DECLARATION OF INTERESTS

The Chair welcomed Ms R Little as a new Member of the Committee.

The Chair, the Vice Chair called for Declarations of Interests and no interests were declared.

Apologies were submitted from Councillor D Robertson and Mr A Coldwells.

2. STATEMENT OF EQUALITIES

In making decisions on the following items of business, the Audit Committee **agreed**, in terms of Section 149 of the Equality Act, 2010:-

- (1) to have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation;
 - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it; and
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it.
- (2) where an Equality Impact Assessment was provided, to consider its contents and take those into account when reaching their decision.

3. MINUTE OF MEETING OF AUDIT COMMITTEE OF 20 JUNE, 2018

There was circulated and **approved** as a correct record, subject to the amendment of Item 5 (Internal Audit Report), second paragraph to read 'NHS', instead of 'HNS', the Minute of Meeting of 20 June, 2018.

4. INTERNAL AUDIT REPORT

There was circulated a report dated 14 August, 2018 by the Chief Internal Auditor advising members of a completed audit in respect of Transformational Funding (Internal Audit Report 1848 – June 2018). The report explained that the objective of the audit was to ensure that appropriate governance was in place within the Aberdeenshire Health and Social Care

Partnership to manage the delivery and funding of projects which were intended to transform services so that they could affordably meet future demand. It was noted that four work programmes contained a total of 49 projects which were aligned to the Partnership priorities with each programme being managed by one of the four Partnership Managers. The report advised Members that the extent of progress with the work programmes varied as did the detail they reported concerning progress and the related funding. The Service had agreed to document management expectations and to provide standard project template documentation which would provide greater assurance over governance in the delivery and funding of projects.

There was discussion on reporting at project level and the intention to show the source, allocation and use of funds more clearly in work programme spreadsheets and through RAG style reporting, and the timescale for this process to commence.

The Committee **agreed** to note the issues raised within the report.

5. AUDITED ANNUAL ACCOUNTS FOR THE YEAR TO 31 MARCH, 2018 AND EXTERNAL AUDIT'S REPORT TO THE BOARD 2017/18

There was circulated a report dated 10 August, 2018, by the Chief Finance Officer on the audited Annual Accounts for the period 31 March, 2018 and also on the External Auditor's Report to the Board 2017/2018.

The Chief Finance Officer introduced the report and explained that the Aberdeenshire Integration Joint Board had a statutory responsibility to prepare its Annual Accounts by 30 June, following the 31 March financial year end. With the integration start day being 1 April 2016, this was the second full year of formal accounts. The format of the accounts followed local authority accounts and hence complied with the Code of Practice on Local Authority Accounting in the United Kingdom.

The Audit Committee had discussed the unaudited accounts at its meeting on 20 June 2018. Since then the external audit of the accounts had been completed and the audit certificate was unmodified which provided assurance that the financial statements gave a true and fair view of the financial position of the Aberdeenshire Integration Joint Board at 31 March 2018.

The Appendix to the report comprised the Annual Accounts 2017/2018.

It was noted that during the course of the audit, the auditors had raised relevant matters with officers and issues raised were included within the external auditor's report. Progress towards addressing the issues raised in the External Auditor's Audit Report 2016/17 were contained in the Annual Governance Statement of the 2017/18 Annual Accounts.

The Audit Committee **agreed** to:-

- (1) Acknowledge the External Auditor's report;
- (2) Note the unmodified audit certificate;
- (3) Acknowledge the audited Annual Accounts for the year to 31 March 2018 and to approve them for signature; and
- (4) Approve the action plan contained within the external auditor's report and that a report on the progress towards achieving the actions be presented to the Audit Committee in early 2019.

6. REPORT ON THE 2017/18 AUDIT – REPORT BY THE EXTERNAL AUDITOR

There was circulated the External Auditor's Report to the Board 2017/18, dated 15 August 2018, which confirmed that the audit work on the 2017/18 annual accounts was now substantially complete. Ms A MacDonald, Audit Scotland, External Auditor introduced the report and gave an overview of the audit of the financial statements, confirming that the audit process would continue up to the date on which the accounts were signed, and that there was nothing of concern at this time that would have an impact on the accounts. She outlined the key areas which had been considered as part of the audit, namely, (1) the 2017/18 annual report and accounts; (2) Financial Management and Sustainability; (3) Governance and Transparency; and (4) Value for Money.

The Action Plan 2017/18 identified four main recommendations for improvement, including (1) a Code of Governance should be formally approved by the Audit Committee and an annual self-evaluation of governance arrangements should be undertaken; (2) The Audit Committee should consider the results of the annual review of governance arrangements before approving the Annual Governance Statement; (3) strategic planning should be clearer in terms of priorities, outcomes and targets to enable progress against milestones to be regularly reported and monitored; and (4) Longer term workforce planning should be progressed alongside the Board's Strategic Plan to support the development of integrated teams and to inform plans for service redesign.

The Committee **noted** the External Auditor's report, which gave useful indicators towards areas of work for the IJB Audit Committee to pursue going forward.

7. FUTURE ROLE OF THE COMMITTEE

Reference was made to the current Terms of Reference of the Committee, particularly in relation to monitoring the effectiveness of the risk management arrangements implemented by the IJB, and it was suggested that there may be scope for other IJBs to gain learning from each other. The option for appointing short term working groups to monitor different aspects of the Committee's remit was considered, as well as the benefits to be gained from development sessions, which allowed Members to come together in a less formal manner to consider topics of interest. It was suggested that a summary of points or outcomes from each session should be produced, to give the option of reporting back to a future meeting of the Committee, therefore linking the workshop sessions to potential future work of the Committee.

It was **agreed** that a report by the Chief Officer, HSCP should be brought back to the next meeting of the Committee considering the current Terms of Reference and exploring options for taking forward the recommendations contained within the External Auditor's report for areas of work that the Committee should pursue going forward.

8. CHAIR/VICE CHAIR OF COMMITTEE

With the impending retirement of the current Chair in December 2018, the issue of continuity in membership was discussed, and in view of the small number of members of the IJB Audit Committee, in accordance with the Terms of Reference/standing orders, and having noted recent challenges in ensuring a quorum at meetings of the Committee, it was **agreed** that the matter of membership numbers and the appointment of a new Chair for 2019, following the retirement of the current Chair at the end of 2018, should be referred back to the main IJB for consideration.

